

FISCAL NOTE

Bill #: HB0073

Title: K-12 BASE aid increases

Primary Sponsor: Raser, H

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
General Fund	\$17,931,000	\$32,103,000
Net Impact on General Fund Balance:	(\$17,931,000)	(\$32,103,000)

- | | |
|--|---|
| <input checked="" type="checkbox"/> Significant Local Gov. Impact
<input type="checkbox"/> Included in the Executive Budget
<input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Technical Concerns
<input type="checkbox"/> Significant Long-Term Impacts
<input checked="" type="checkbox"/> Needs to be included in HB 2 |
|--|---|

Fiscal Analysis

ASSUMPTIONS:

- The average number belonging (ANB) in K-12 public schools will be as follows:

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
K-6 ANB	76,057	73,619	72,044
7-8 ANB	25,082	25,546	25,220
9-12 ANB	<u>50,366</u>	<u>50,100</u>	<u>49,277</u>
	151,505	149,265	146,541

- HB 73 increases the basic and per-ANB entitlements 3.2 percent each year as follows:

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Basic entitlement EL	\$19,244	\$20,595	\$21,254
Basic entitlement HS	\$213,819	\$228,826	\$236,148
Per-ANB entitlement EL	\$3,906	\$4,051	\$4,180
Per-ANB entitlement HS	\$5,205	\$5,398	\$5,570
Direct State Aid Percentage	44.7%	44.7%	44.7%

- The statewide taxable valuation will increase by 4.0% in FY 2004 and by 5.5% in FY 2005.
- Under current law, direct state aid will be \$319.27 million in FY 2004 and \$314.03 million in FY 2005. Special education payments will be \$34.91 million in FY 2004 and FY 2005. Guaranteed tax base aid to schools will be \$97.83 million in FY 2004 and \$94.93 million in FY 2005.

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(continued)

5. HB 73 does not affect the state special education appropriation.
6. Under HB 73, direct state aid will be \$332.24 million in FY 2004 and \$337.50 in FY 2005. Guaranteed tax base aid paid to schools will be \$102.59 million in FY 2004 and \$103.44 million in FY 2005.
7. As school district general fund budgets increase, increased salaries will lead to higher district retirement costs and increases in countywide retirement and state GTB costs for retirement. GTB costs for retirement are expected to increase by \$0.21 million in FY 2004 and by \$0.13 million in FY 2005 as a result of this legislation.

FISCAL IMPACT:

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
<u>Expenditures:</u>		
Local Assistance	\$17,931,000	\$32,103,000
<u>Funding of Expenditures:</u>		
General Fund (01)	\$17,931,000	\$32,103,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$17,931,000)	(\$32,103,000)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

School districts will respond to HB 73 in two ways. Districts will either increase general fund spending as maximum budgets increase or provide property tax relief. Some districts will combine the two approaches. Districts that are currently spending at the BASE budget level will be required to increase spending and local property taxes to achieve the new BASE level. Districts above maximum are likely to see a tax decrease, as the maximum budget and the state contribution grow closer to their budget.

Increases in property taxes to support the over-BASE portion of school district budgets will require voter approval.